

# **CITY OF GROVE GENERAL COMMERCIAL DISTRICT C-2 SALES TAX INCENTIVE POLICY**

## **SECTION 1: PURPOSE**

The purpose of the Sales Tax Incentive Policy is to establish a means to attract Business and Economic Development to the City of Grove's General Commercial District C-2.

## **SECTION 2: DEFINITIONS**

- 1) Qualifying Businesses:
  - a. *Retail Business*: A Business that sells products or services to customers for a specified price:
    - NEW – a Retail Business locating within the City of Grove after the effective date of this Resolution.
    - EXISTING/EXPANDING – an Existing Retail Business of at least one year which expands by adding a minimum of twenty-five percent (25%) to the square feet of the Interior Retail Business premises after the effective date of this Resolution as evidenced by tax or building records or other acceptable proof.
- 2) *Restaurants*: A business which prepares and serves food and drinks to customers in exchange for money, either paid before the meal, after the meal or with an open account. Meals are generally served and eaten on premises, but many restaurants also offer take-out and food delivery services. Restaurants vary greatly in appearance and offerings, including a wide variety of menus, types of food and atmosphere.
  - NEW – a Restaurant locating within the City of Grove after the effective date of this Resolution.
  - EXISTING/EXPANDING – an Existing Restaurant of at least one year which expands by adding a minimum of twenty-five percent (25%) to the square feet of the Interior Retail Business premises after the effective date of this Resolution as evidenced by tax or building records or other acceptable proof.
- 3) "Interior Business Premises" means the square footage of the covered retail establishment and any associated storage/preparation areas. Break rooms, conference rooms, employee restrooms, etc shall not be counted in the square footage of the Interior Business Premises.
- 4) Net Tax: Monies collected by the Oklahoma Tax Commission, which have been paid as Grove City Sales Tax by a qualifying business, less monies dedicated and earmarked for other purposes, and less monies retained by the Oklahoma Tax Commission as collection fees.

### **SECTION 3: APPLICATION**

Businesses must request the Incentive each fiscal year, which shall run from July 1 through June 30, by making application with the City Clerk on or before May 1 of the preceding year. New businesses which begin operations during the fiscal year or existing businesses which expand during the fiscal year may apply for the next quarter of the current fiscal year, by making application at least 30 days prior to the beginning of the succeeding quarter. New business will not be entitled to additional incentives for expansion. Qualifying businesses shall submit to the City necessary documentation, as required, to support the qualification status. (Application attached)

### **SECTION 4: INCENTIVES**

To be eligible for the Sales Tax Incentives, the business must be a Restaurant or a Qualifying Retail Business as herein defined and shall be located in the C-2 General Commercial District as established on the City of Grove Zoning Map.

*New Retail Businesses or Restaurants* Incentives shall be calculated at 50% of the 'Net Tax' paid by the Qualifying Retail Business or Restaurant.

*Existing Retail Businesses or Restaurants* Incentives shall be calculated at 50% of the excess over the average 'Net Tax' paid over the past years, of at least one year but not to exceed three years. After the first year, the base 'Net Tax' will remain the same for all calculations of eligible incentive funds.

Incentives will be paid for a maximum of five (5) fiscal years.

### **SECTION 5: AGREEMENT**

An approved Qualifying Retail Business or Restaurant shall enter into a Sales Tax Incentive Agreement with the City of Grove and the Grove Economic Development Authority. (Agreement attached)

### **SECTION 6: TRANSFER & DISTRIBUTION OF FUNDS**

Upon satisfactory proof of qualification, the City shall transfer the Incentive amounts determined to be correct for the respective Qualifying Retail Businesses and Restaurants to the Grove Economic Development Authority. Such transfer of funds from the City will be made quarterly within thirty (30) days of the end of the quarter.

The Authority shall distribute the appropriate amounts to the businesses on a quarterly basis within thirty (30) days of the end of the quarter.

### **SECTION 7: LOSS OF INCENTIVES**

Businesses which abandon or close business operations for a period of thirty (30) calendar days or which fail to maintain minimum square footage interior expansion for a period of thirty (30) calendar days shall lose their Incentive qualification for the quarter during which the abandonment or closing or reduction of interior square footage occurred and for the remainder of that fiscal year.

If the business is reopened or the expansion is re-established before the application date of May 1, then the business may apply for Incentives for the succeeding fiscal year; however, it will only be eligible for Incentives for the balance of the five (5) year period that business is entitled to receive incentives.

Exceptions may be made by the City Manager for natural disasters and circumstances beyond the control of the business.

#### **SECTION 8: REVOCATION OF QUALIFICATION STATUS**

Any abuse of these provisions will subject the business to immediate revocation of Incentive Qualification status by the City Manager who will notify the business of the revocation within ten (10) days of the revocation. Within ten (10) days after the notice of revocation, the business may appeal to the City Council, whose decision shall be final.

#### **SECTION 9: RECORDS**

The City of Grove will maintain complete and accurate records of all monies paid and the recipients of all funds; all records will be included as part of the annual audit.

This policy was approved and adopted by the City of Grove on the 7<sup>th</sup> day of July, 2015.